

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

April 16, 2013
MAG Offices, Saguaro Room
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Thomas L. Schoaf, Litchfield Park,
Chair
Mayor Marie Lopez Rogers, Avondale,
Vice Chair
Mayor Gail Barney, Queen Creek
Steven Betts, GPEC
Dr. Joseph Cavinato, Thunderbird
*Supervisor Steve Chucuri, Maricopa County
Mark Dreher, East Valley Partnership
*Thomas Franz, Greater Phoenix Leadership
Gary Haydon, Haydon Building Corp.
*Michael Hoover, Sundt Construction
Jim Kenny, El Dorado Holdings, Inc.
Mayor W.J. "Jim" Lane, Scottsdale
Mayor Michael LeVault, Youngtown
Mayor John Lewis, Gilbert

Mayor Georgia Lord, Goodyear
Mayor Jackie Meck, Buckeye
*Mayor Mark Mitchell, City of Tempe
*Jim Rounds, Elliott D. Pollack & Company
*Floyd Roehrich, Jr., ADOT
*Todd Sanders, Greater Phoenix Chamber
of Commerce
Councilmember, Jack Sellers, Chandler
*Bill Sheldon, WESTMARC
Mayor Scott Smith, Mesa
*Mayor Greg Stanton, Phoenix
*Sandra Watson, Arizona Commerce
Authority
*Mayor Sharon Wolcott, Surprise

* Not present

Participated by video or telephone conference call

OTHERS PRESENT (from sign-in sheet(s)):

Rob Bohr, Goodyear
Scott Butler, Mesa
Angela Creedon, ASU
Miranda Culver, Mesa
Margie Emmerman, Arizona-Mexico
Commission
Jami Garrison, MAG
Janeen Gaskin, Surprise
Walt Gray, Westside Town Hall
Shirley Gunther, Avondale
Lucia Leon, General Consulate of Mexico
Brad Lundahl, Scottsdale
Gary Magrino, AIDA

Denise McClafferty, MAG
Christine McMurdy, Goodyear
Jeff Mihelich, Surprise
Lora Mwaniki-Lyman, MAG
Katie Prendergast, Maricopa County
Linda Priano, MAG
Nathan Pryor, MAG
David Randolph, AIDA
Luis Ramirez, Ramirez Advisors
Michelle Rider, WESTMARC
Debra Roubik, VisionEcon/SBDC
Samantha Santaella Wolfe, MAG
Judie Scalise, ESI Corp.

Dennis Smith, MAG
Chris Stoller, Arizona-Mexico Commission
Kelly Taft, MAG
Karrin Taylor, DMB

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:40 a.m. Chair Schoaf noted public comment cards were available for those members of the public who wish to comment. Chair Schoaf stated that transit tickets were available from Valley Metro for those using transit to come to the meeting. Parking validation was available for the MAG parking facilities for those who parked in the garage.

Chair Schoaf welcomed Mayor Lord as a new member of this committee. Chair Schoaf stated additional items for Agenda Item #7 were at each members place.

2. Call to the Audience

Chair Schoaf stated according to the MAG public comment process, members of the audience who wish to speak are requested to fill out the public comment cards. He stated that there is a three minute time limit. Public comment is provided at the beginning of the meeting for items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Chair Schoaf noted that no public comment cards had been received.

3. Approval of the February 5, 2013 Economic Development Committee Meeting Minutes

Chair Schoaf asked if the members had any questions regarding the February 5, 2013 meeting minutes. There were none. Steve Betts moved to approve the February 5, 2013 Economic Development Committee meeting minutes. Mayor Lane seconded the motion and the motion carried unanimously.

4. Report on the Arizona International Development Authority

Gary Magrino, Chairman of the Arizona International Development Authority (AIDA), thanked the committee for allowing him to speak at this meeting. Mr. Magrino stated AIDA was established in 1994 by legislation and was developed to help finance border transportation infrastructure projects. He added AIDA is one of several agencies identified in the state statute to receive funding from Safety Enforcement and Transportation Infrastructure Fund (SETIF). He noted Arizona Department of Transportation (ADOT) provides the administrative support.

Mr. Magrino stated the purpose of AIDA is to grow trade, which grows Arizona's economy and creates good jobs. He added AIDA is the official connection between the state and the border regional port authorities. He noted these port authorities have been highly successful

in uniting local public and private sector leaders to promote trade. Mr. Magrino stated AIDA can advise the legislature on trade, develop, finance, and/or operate border transportation infrastructure projects located 62 miles north to six miles south of the Arizona-Mexico border. He added AIDA has the authority to issue tax free revenue bonds to finance projects and it can also finance public-private partnerships.

Mr. Magrino stated in 2008 a study was done by the Arizona Department of Commerce that proposed \$350,000 to fund AIDA start-up costs. This money comes from a special fund derived from fees on Mexican trucks, which would not be a burden on Arizona taxpayers. He added once AIDA becomes fully operational, it would then be self-sustaining. Mr. Magrino stated AIDA can fill the critical gap caused by the steep decline in federal funding for border transportation infrastructure. He added the benefits of AIDA would be felt statewide and would make trade more efficient with the sale of local products to Mexican markets. Mr. Magrino stated he is asking this committee to provide a resolution of support for AIDA to be included in the state budget to receive funding from the Safety Enforcement Transportation Infrastructure Fund (SETIF).

Steve Betts asked whether the revenue streams were off of the infrastructure improvements. Mr. Magrino stated yes, and provided examples of infrastructure improvements, such as building a toll bridge, or a parking lot infrastructure that provides air conditioning for the truckers. He explained that the truckers would then pay an air conditioning fee so they could plug their trucks into the air conditioning units without running their engines. These fees would reimburse the bonds.

Mayor Lord asked if a business plan has been set up or if a specific project has been identified. Mr. Magrino stated the \$350,000 that was proposed as start up costs to AIDA would allow them to set up an office, hire a director, and identify potential projects. He added SETIF receives approximately \$3 million a year from these fees and ADOT estimates that there will be a surplus of more than \$1 million in the fund this year.

Chair Schoaf asked who makes the decision on dispersing the funds. David Randolph, consultant for AIDA, stated SETIF has not met in many years and has not produced any resolution to allocate the money to AIDA and currently it is being done by the Joint Legislation Budget Committee, from the House and Senate. Mr. Randolph stated each year the committee produces a budget and they allocate the money.

Mr. Magrino stated the fund was designed to be self funding, however, currently there is no revenue coming in. Mayor Lewis asked if the office would be in Yuma, Arizona. Mr. Magrino stated the office would be in the Phoenix area. Mayor Lewis stated he sees no drawback in making a recommendation. Mr. Smith added ADOT has to be in agreement for funding to go to AIDA. Mayor Lane asked if this is supposed to be a self sustaining program, but the projects have not been determined, it does not seem very well defined. Mr. Magrino stated this is the first step to ask for a recommendation to have the Senate look at AIDA to see if they still want to move forward with the organization. Mayor Lane stated he believes everyone in the room is in support for improving infrastructure at the border and

asked if this is an effort to replace what seems to be a drying up, on a Federal level, to give AIDA greater independence.

Mr. Magrino added that there is no additional money coming from Washington and he believes AIDA is very valuable to this state. Mark Dreher asked if the \$350,000 is enough funding to accomplish a project, to open an office, hire attorneys, get the bonding, etc. Mr. Magrino stated this money is just to get the ball moving to open the office and then be able to identify the projects. He added there is a lot of private money that is available in lieu of federal money. Mr. Magrino stated this money will not be a burden to taxpayers, this money is collected from Mexican trucks, which are paying for their own inspections and infrastructure development on the Arizona side. Mr. Smith suggested this committee could propose a recommendation to Regional Council saying this committee supports enhanced border infrastructure and to urge SETIF to examine funding for AIDA to ensure that AIDA is self sustaining. He added this way the committee can examine AIDA to see whether or not they want to move forward.

Steve Betts made the motion to recommend to the Regional Council to support enhanced border infrastructure and urge SETIF to examine funding for AIDA to ensure that AIDA is self sustaining. Mark Dreher seconded the motion and the motion carried unanimously. Mayor Lewis stated some of the comments Mr. Magrino made showed that Mr. Magrino put his own reputation on the line and this concept is one that MAG member agencies want to pursue. Mayor Lewis thanked Mr. Magrino for taking the initiative.

5. Improving Arizona's National Competitiveness in Grant Making for Economic Development

Dennis Smith, MAG Executive Director, stated on January 8, 2013 this committee heard from representatives from ASU that discussed the dilemmas that the universities are faced with when competing for grants. Representatives from ASU had explained that in order to be nationally competitive, there is a need for quick response time for grant making and the importance to secure local government support for certain grants was imperative. Mr. Smith stated a Memorandum of Understanding (MOU) for Research, Innovation and Entrepreneurial Agreement was developed and is supported by Arizona State University, the University of Arizona, Northern Arizona University, the Thunderbird School of Global Management, and the Maricopa Community Colleges. Mr. Smith then introduced Angela Creedon, Assistant Vice President of ASU Office of Public Affairs. Ms. Creedon thanked the committee for their leadership and support of the MOU. Ms. Creedon stated the ASU team was very excited to discuss upcoming grant proposals involving research and innovation.

Dr. Sethuramna "Panch" Panchanathan, Senior Vice President of Knowledge Enterprise Development, stated ASU is grateful for the collaboration of all the cities and provided the committee with an outline of grant proposals currently being considered. He added that he was very excited to show the committee some of the work ASU has been doing. He indicated that these initiatives would bring together the blending of research, entrepreneurship, innovation and economic development, while working with industry and

building robust jobs. Dr. Panchanathan stated the National Network of Advanced Manufacturing Initiative was set up by the Obama administration to create a new private-public partnership program aimed at commercializing and manufacturing U.S. developed technologies. Dr. Panchanathan stated the goal is to revitalize U.S. manufacturing through a network of institutes where researchers, companies and entrepreneurs can come together to develop new manufacturing technologies with broad applications. He indicated ASU's Flexible Technology is one idea concept for this initiative.

Dr. Panchanathan introduced Professor Gregory Raupp, Director of Macro Technology Works Initiative (MTW), who is the Founding Director of the Flexible Display Center at ASU and Dr. Nick Colaneri, who is the Director of the Flexible Display Center. Dr. Colaneri provided information and samples of a flexible display. He stated that the flexible display conversation started in Arizona at ASU through a joint venture project between the U.S. Army and ASU. Over the years, ASU has been in partnership with approximately fifty companies in the Valley, the United States, and worldwide, to advance flat screen technology that is mechanically flexible. He explained that the screen would be flat, thin, lightweight and unbreakable.

Dr. Colaneri stated this product requires manufacturing infrastructures, academic engineering capabilities, and a number of innovative materials and manufacturing tools and that new start-up companies have been formed from this research. Dr. Colaneri added this ten year project will be ending at the end of this year. He indicated that ASU has been in aggressive conversations with the Department of Defense and other agencies in the Federal Government so they can continue to utilize the infrastructure that has been put in place and continue to create other new technologies and economic activities in Maricopa County.

Professor Raupp stated key advances have been made to create a high quality, high yield transistor on floppy materials. Professor Raupp then showed the committee samples of a series of transmitter rays fabricated on extremely thin material that could be rolled and were flexible. He added the significance of this advancement is that this enables electronics to become unbreakable and give them the ability to bend.

Professor Raupp stated some types of flexible technology concepts included improvements of airport security sensors and handheld displays, flexible x-ray detectors that could be wrapped around containers so inspectors could see what was inside, a medical "smart" bandage that could monitor your condition and send the information to your physician and an electronic patch that would allow a person with a spinal cord injury to walk again. He added that there are a wide variety of flexible technology applications. He stated ASU believes that this advanced research technology needs to stay in Arizona and indicated that with the support of the local governments, it can.

Professor Raupp added the National Network Manufacturing Innovation awards are anticipated to be in the amounts of \$70-\$120 million and believes ASU is well positioned and should be the one to lead this effort.

Professor Raupp also stated that ASU has had conversations with The Fraunhofer Institute, which is an applied research institute. He added there are approximately six centers around the United States and ASU is currently in conversation with Fraunhofer to see what it would take to have them locate a center in Arizona.

Dr. Panchanathan provided the committee members with materials that outlines some of the overall concepts of flexible technology, along with other projects that have been successfully funded at ASU.

Chair Schoaf thanked the speakers for the information and asked if there were any comments or questions from the committee. He added this MOU can help drive economic development in the region by partnering with the educational institutions in ways that will bring in funding for these grants, which will generate research that will support applications that can then be put to use in the Valley in the formation of new businesses. Chair Schoaf asked the committee if they had any comments or questions.

Mayor Lane stated in reviewing the provisions in the MOU, he believes it is appropriate to support this to facilitate economic development through technology. Chair Schoaf stated this is a win-win for the Valley. Mayor Lane moved to recommend to Regional Council approval of adopting the MOU to support research, innovation and entrepreneurial grant proposals. Mayor Lewis seconded the motion and the motion carried unanimously.

6. Regional Economic Update

This agenda item was tabled until the next meeting.

7. Update on the Bi-National Economic Forum

Ms. Santaella Wolfe stated The Binational Economic Forum took place in Nogales, Sonora, Mexico, on Friday, March 22, 2013 and eleven Mayors from Arizona along with members of the business community from both sides of the border attended this event. She added the event included a tour of a the Continental Manufacturing maquila in Nogales for elected officials. The plant tour showed how sophisticated electronic parts for the auto industry including, Chrysler, GM, Ford, Nissan, Kia, Mercedes Benz, Hyundai and BMW are manufactured.

Ms. Santaella Wolfe stated the focus of the forum was developing strategies for regional economic development and to continue to build relationships with Mexico. She added some of the guest speakers at the forum included Mayor Marie Lopez Rogers, Mayor Greg Stanton, and Mayor Jonathan Rothschild. The forum also included presentations from Jorge Eduardo Valencia Juillerat, who represented Mexican President Enrique Pena Nieto; Moises Gomez Reyna, Secretary of Economy for the State of Sonora; Rigoberto Valenzuela, Mexican Customs Administrator; Consul of Mexico, Jaime Paz y Puente; and Nogales, Sonora Mayor Guzman. Ms. Santaella Wolfe then showed a short video clip of the event.

Chair Schoaf thanked Ms. Santaella Wolfe for the update and asked if there were any comments or questions from the committee. Vice Mayor Sellers stated he wanted to thank MAG staff for arranging and coordinating this groundbreaking event. He added the event was flawless and that there was a tremendous amount of interchange.

8. Request for Future Agenda Items

Chair Schoaf asked if there were any requests for future agenda items. There were none.

9. Comments from the Committee

Mayor Schoaf stated that the next meeting will be on Tuesday, May 7, 2013.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 12:58 p.m.

Chair

Secretary